

Docket No. 00-0488  
ICC Staff Exhibit 1.00

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ILL. C. C. DOCKET NO. 00-0488

ICC Staff 1.00

Witness \_\_\_\_\_

Date 10-17-00 CB

**DIRECT TESTIMONY**

**ROY A. KING**

**WATER DEPARTMENT**

**FINANCIAL ANALYSIS DIVISION**

**ILLINOIS COMMERCE COMMISSION**

**ILLINOIS - AMERICAN WATER COMPANY**

**DOCKET NO. 00-0488**

October, 2000

1 **Q. Please state your name and business address.**

2 A. My name is Roy A. King. My business address is 527 East Capitol  
3 Avenue, P. O. 19280, Springfield, Illinois.  
4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Illinois Commerce Commission (Commission) as an  
7 Economic Analyst in the Water Department of the Financial Analysis Di-  
8 vision (FAD).  
9

10 **Q. How long have you been employed by the Commission?**

11 A. Since August of 1979.  
12

13 **Q. Will you please briefly state your qualifications?**

14 A. I graduated from Chicago Technical College in 1970 with a Bachelor of  
15 Science degree in Architectural Engineering.  
16

17 From 1970 to May 1979, I served with the U.S. Navy. My assignments  
18 included those of Maintenance Supervisor, Instructor, Counselor for a  
19 Drug and Alcohol Program, and managing a division of 30 men and its  
20 related equipment. Since August 1979, I have been continuously em-  
21 ployed by the Commission. Until mid-1982, I was assigned to the Public  
22 Utilities Division, Engineering Department, Gas and Electric Section as a

1 Utility Engineer. My duties were to assist the Chief Gas Engineer and  
2 the Chief Engineer in the administration of all engineering matters asso-  
3 ciated with the regulation of privately owned gas and electric utilities in  
4 the State of Illinois. During this period, my duties included (1) evaluat-  
5 ing rate filings and rules and regulations filings, (2) assisting the Con-  
6 sumer Services Division, upon request, in handling investigations and  
7 correspondence relating to electric and gas inquiries and complaints, (3)  
8 evaluating testimony presented by the utilities and conducting cross-  
9 examination, (4) testifying on behalf of Commission Staff (Staff) in appli-  
10 cations for Certificates of Convenience and Necessity (Certificates), rate  
11 proceedings and other formal cases which contain issues requiring re-  
12 view by the Engineering Department, and (5) processing other work as  
13 directed by the Chief Engineer.

14  
15 In 1982, Staff functions were reorganized and I was assigned to the  
16 Water and Sewer Section within the Engineering Department. My duties  
17 were very similar to those previously described, except that I worked on  
18 matters associated with water and sewer utilities.

19  
20 In November of 1992, engineering and rate matters for water and sewer  
21 utilities were transferred to the Office of Policy and Planning (OPP) and I  
22 was assigned to OPP. My duties included (1) evaluating rate schedule

1 filings, and rules and regulations filings, (2) assisting the Consumer  
2 Services Division, upon request, in handling inquiries and complaints, (3)  
3 evaluating testimony presented by the utilities and conducting cross-  
4 examination, (4) testifying on behalf of Staff in applications for Certifi-  
5 cates, rate proceedings, and other formal cases which contain issues re-  
6 quiring review by OPP, and (5) reviewing cost-of-service studies for the  
7 water and sewer utilities when so assigned.

8  
9 In 1997, Staff's functions were reorganized and I was assigned to the  
10 Rates Department within FAD (formerly Public Utilities Division). In  
11 1999, the Rates Department was reorganized and I was assigned to the  
12 Water Department within FAD. My duties are the same as those previ-  
13 ously described.

14  
15 Since being employed by the Commission, I have received an Associates  
16 Degree in Business Administration from Lincoln Land Community Col-  
17 lege, Springfield, Illinois, and in 1985, I received a Bachelor of Arts De-  
18 gree in Management from the University of Illinois, Springfield (formerly  
19 Sangamon State University), Springfield, Illinois.

20  
21 In addition, I have attended a number of courses regarding utility  
22 regulation, including several sponsored by the National Association of

1 Regulatory Utility Commissioners (NARUC). I completed a one-week  
2 utility rate seminar co-sponsored by the NARUC Water Committee and  
3 the University of Utah Center for Continuing Education. I have also  
4 completed a course in Sewage Treatment Plant Operations which was  
5 sponsored by the Environmental Training Resource Center at Southern  
6 Illinois University and three courses in depreciation practices which were  
7 sponsored by Depreciation Programs, Inc.

8  
9 **Q. Are you a member of any professional organizations?**

10 A. Yes, I am a member of the Illinois Potable Water Operator's Association  
11 and the American Water Works Association.

12  
13 **Q. What is the purpose of this proceeding?**

14 A. Illinois-American Water Company (IAWC or Company) has filed a petition  
15 for a Certificate of Public Convenience and Necessity (Certificate) to pro-  
16 vide water services to Windsor Parc, a mobile home park, located in  
17 Madison County, Illinois.

18  
19 **Q. What is your assignment in this case?**

20 A. I was assigned by the Director of the Water Department to participate on  
21 behalf of the Department to examine IAWC's request for a Certificate to  
22 serve approximately 200 mobile home lots in Windsor Parc. Specifically, I

1 am responsible for presenting testimony regarding whether a need exists  
2 for a Certificate to provide water service in the proposed area.  
3

4 **Q. Are you familiar with the testimony and exhibits presented by**  
5 **IAWC's witnesses Ms. Karen H. Cooper and Mr. Ronald D. Stafford?**

6 A. Yes, I have personally reviewed the testimony and exhibits presented by  
7 them.  
8

9 **Q. Please explain what the requirements are for the utility to re-**  
10 **ceive a Certificate to construct water facilities and/or to pro-**  
11 **vide service to the area?**

12 A. Section 8-406(b) of the Public Utilities Act (Act), states in  
13 part:

14 "The Commission shall determine that proposed construction will  
15 promote the public convenience and necessity only if the utility  
16 demonstrates: (1) that the proposed construction is necessary to  
17 provide adequate, reliable and efficient service to its customers  
18 and is the least cost means of satisfying the service needs of its  
19 customers; (2) that the utility is capable of efficiently managing  
20 and supervising the construction process and has taken sufficient  
21 action to ensure adequate and efficient construction and supervi-  
22 sion thereof; and (3) that the utility is capable of financing the  
23 proposed construction without significant adverse financial con-  
24 sequences for the utility or its customers."  
25  
26

27 **Q. In your opinion has IAWC demonstrated that the proposed extension**  
28 **would not diminish the Company's ability to provide adequate, reli-**  
29 **able, efficient, and safe service to its customers?**

1 A. No. However, based on my review of the testimony, exhibits, the Com-  
2 pany's responses to Staff's data requests and my knowledge of the Com-  
3 pany's operations, I have found no reasons that the proposed main ex-  
4 tension to serve Windsor Parc would diminish the Company's ability to  
5 provide adequate, reliable, efficient, and safe service to its customers.  
6

7 **Q. Has the Company demonstrated that the proposed main ex-**  
8 **tension to serve Windsor Parc is the least-cost method of pro-**  
9 **viding water service to the customers?**

10 A. The Company provided no support for determining the least-cost  
11 method of providing water and sewer service to the customers.  
12 However, in my opinion, the most cost efficient method for provid-  
13 ing water service to the lots in Windsor Parc is to receive service  
14 from a large utility. In this instance, the proposed area is also  
15 contiguous to IAWC's service area.  
16

17 IAWC is a large utility and has over 100 years of experience oper-  
18 ating water systems. The Company has on-staff engineers, man-  
19 agers and certified operators and, would be able to maintain lower  
20 water rates by spreading the cost of the office facilities, employees  
21 time, billing, and overheads over a larger customer base.

1  
2 **Q. In your opinion, has IAWC demonstrated that it is financially**  
3 **and operationally able to provide service to the area and is**  
4 **capable of providing quality and reliable service to the area?**

5 A. No. However, IAWC is the largest water utility in Illinois with a customer  
6 base of approximately 200,000. Further, based on the Company's infor-  
7 mation provided in their current rate case, Docket no. 00-0340, the  
8 Company reported an operating income of \$22,065,589 for 1999. Also,  
9 IAWC is owned by a strong national firm, American Water Works Com-  
10 pany, Inc., which, in my opinion, suggest that resources for operations  
11 and plant facilities are available if needed.

12  
13 Based on my knowledge of the Company's operations, IAWC has  
14 demonstrated that its water systems are well operated and its  
15 equipment is well maintained.

16  
17 **Q. Based on your review of information provided by the Company, is it**  
18 **your opinion that IAWC has demonstrated that a need exists for a**  
19 **Certificate for water service to Windsor Parc?**

20 A. Yes, it is.  
21



1 **Q. Based on your investigation, could you indicate the size of the water**  
2 **main to be installed to provide water service in Windsor Parc?**

3 A. Yes. Based on Ms. Cooper's direct testimony (p.3), a twelve (12) inch ("")  
4 diameter (dia.) water main will supply water to the proposed area.  
5

6 **Q. In your opinion does the installation of 12" dia. water mains comply**  
7 **with 83 Ill. Adm. Code Part 600, "Standards of Service for Water**  
8 **Utilities and the Company's rules, regulations and conditions of**  
9 **service on file with the Commission"?**

10 A. Yes. Based on my understanding and interpretation of Part 600.370,  
11 "Service to New Customers," the Company's proposal to install a 12" dia.  
12 main appears to meet the requirements set forth in Part 600.370. Sec-  
13 tion 600.370(b)(1)states in part:

14 "Extensions made under this Section shall be on the basis of a  
15 main size of eight (8) inches in diameter unless the requirements  
16 of the customer or customers to be served call for a larger main,  
17 in which case the cost shall be based on the larger main. In spe-  
18 cial cases, exceptions to the size can be made by the utility to  
19 comply with good engineering principles."  
20  
21

22 In this instance, the design of the proposed water main will not only  
23 provide water service to Windsor Parc, but will be sized to provide addi-  
24 tional water service to Arlington Height's service area. The total cost of  
25 the project is estimated at \$358,920. Mr. Stafford's direct testimony (p.4)  
26 indicates that the additional cost to increase the main sized from 8" to  
27 12" will be financed by the Company. The cost of the 8" main extension,

1       \$308,210, will be financed by Windsor Parc in accordance with Part  
2       600.370.

3   **Q.   Is the Company proposing any waivers to Part 600.370, in this**  
4       **proceeding?**

5   A.   No.

6  
7   **Q.   What are the requirements for a developer and/or a customer**  
8       **requesting a main extension from a utility?**

9   A.   Developers and customers requesting water service, which requires a  
10       main extension, would be governed by 83 IL. Adm. Code Part 600. Sec-  
11       tion 600.370, "Service to New Customers." The section outlines all  
12       terms and conditions for the water main extension to be made by the  
13       prospective customer and the Company.

14  
15       In this instance, having Windsor Parc either initially advance the funds  
16       of \$308,210 or construct the water facilities, protects the Company and  
17       the existing customers receiving service in case of slow or even a failed  
18       development. The advancement of funds subject to refunds as custom-  
19       ers are attached places the risk for the development on the developer  
20       rather than IAWC.

1   **Q.   Do you support the issuance of a certificate of public convenience**  
2       **and necessity by the Commission as requested by IAWC to serve the**  
3       **Windsor Parc mobile home park?**

4   A.   Yes, I support the issuance of a certificate of public convenience and  
5       necessity to the Company for the reasons set forth above.

6  
7   **Q.   Does this conclude your Direct Testimony?**

8   A    Yes, it does.

ILLINOIS-AMERICAN WATER COMPANY

Docket No. 00-0488

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